



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown  
FROM: Rene Gonzalez, Customer Solutions Manager; Jeannine Parisi, Customer Relationship Manager  
DATE: June 26, 2019  
SUBJECT: Lane Community College (LCC) Scholarships  
OBJECTIVE: Information Only

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## **Issue**

The Board requested updates on educational grants provided by EWEB. This memo provides information on the LCC grant program.

## **Background**

Like the four public school districts in EWEB's service territory, LCC receives grant funds through an intergovernmental agreement (IGA) with EWEB. The IGA signed in 2015 allocated \$70,000 in annual funding to help support administration of the college's two-year energy management, buildings control technician and water conservation programs. The IGA expires in August 2020.

In June 2018, the Board modified the grant with LCC to establish a \$25,000 scholarship fund in lieu of the annual grant. The intent was to continue offering career development opportunities to students with financial need in our service territory while creating a more direct nexus to EWEB's strategic priorities.

## **Discussion**

In reviewing the first year's outcomes, scholarship uptake was slower than expected. While no students received support the first term, LCC reports that four students received partial scholarships during winter and spring 2019 terms. It is expected that the \$25,000 will be exhausted when the remaining scholarships (up to \$5000 per student) are awarded for the 2019-2020 school year. Tuition for the two-year program is estimated at \$12,000.

One unexpected outcome of EWEB's decision to transition to a scholarship program is that the Bonneville Environmental Foundation is now offering a similar scholarship for students outside EWEB service territory to participate in this nationally recognized program.

The level of funding for education grants is determined during EWEB's annual budget process.

## **Recommendation**

Given increased pressure on prices and financial metrics, as well as the narrow beneficiary group, unless otherwise directed the General Manager is recommending that the financial/budget team assume the discontinuation of funding for this program in the 2020 budget. If this plan runs contrary to Board expectations, Management requests that the Board provide direction on the continuation of the LCC scholarship program during the 2020 budget assumption agenda item.



# MEMORANDUM

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TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown  
FROM: Sue Fahey, Assistant General Manager/CFO; Deborah Hart, Financial Services  
Manager; Sarah Creighton, Enterprise Risk Supervisor  
DATE: June 26, 2019  
SUBJECT: SD20 Annual Enterprise Risk Management (ERM) Update  
OBJECTIVE: Information Only

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## **Issue**

Board Policy SD20 requires a periodic report on the status of Enterprise Risk Management (ERM) activities. This backgrounder provides that information for the last year.

## **Background**

EWEB's risk management efforts are embedded across the utility. These efforts include the Safety program, Power Risk Management Committee (RMC), Cyber Security program and the Dam Safety program.

Board Policy SD20 outlines EWEB's commitment to an enterprise-wide approach to risk management. Enterprise risk management is designed to support the achievement of operational and strategic objectives, including safety, reliability, responsible stewardship of our customer-owners' financial and natural resources, and regulatory compliance. Managing risk is an integral part of decision-making across EWEB and is not a stand-alone activity. Risk analysis is an essential component when considering capital projects. ERM staff coordinates EWEB's ERM efforts, which includes identifying and analyzing existing risks, monitoring emerging risks, creating and implementing mitigation strategies, and reviewing those strategies to ensure that risk informed decisions are made and the risk retained is acceptable.

## **Discussion**

At the end of 2018, an updated risk analysis was completed by ERM staff and Management to determine which risks ERM should focus on from an organization-wide perspective. Top risks were selected based on projected impact and likelihood of occurrence after mitigation strategies were applied. These risks were determined to be:

- Complying with contracts other than those for goods and services
- Legal and regulatory compliance
- Cyber security
- Enhancing a risk-aware culture

Last year's SD20 update reflected that IS Project Execution was identified as a top risk. Since that time, staff's efforts to standardize the Project Management Lifecycle have led to a more consistent approach with more predictable outputs. Effective and efficient IS Project Execution remains a top priority.

Contractual Compliance: The Contract Governance program has been operational since January 2017 and is designed to address non-standard contracts developed outside the Purchasing department. The program helps ensure stakeholders have an opportunity to provide feedback during contract development. Staff continues to use the tool that was created to track these contracts, providing increased visibility throughout the contract term. This tool also supports reporting functionality to aid in work planning. Presently, over 300 contracts have been identified and tracked.

Legal and Regulatory Compliance: ERM staff report monthly to Management on compliance activities, helping to ensure real time conversations on compliance opportunities. ERM staff also monitor legal and regulatory compliance changes. Training continues to be a strong focus. Moss Adams delivered Internal Controls training to managers, supervisors, and project managers in May 2019. Comprehensive ethics training continues to be required for all new hires, and all staff complete annual ethics refresher training.

Privacy of employee and customer personal information remains a high priority. Annual identity theft prevention training is required for staff whose jobs require access to personal information. Training occurred in fall 2018 and is scheduled again for the fall of 2019. The Privacy Committee continues to investigate and respond to potential breaches of personal information. Over the past year, one potential event was reported and investigated, and the investigation revealed no data breach occurred.

ERM staff maintains responsibility for compliance with public records archival and request laws. Over the past year, ERM staff responded to more than 30 public records requests.

Cyber Security: Employee awareness is a critical component of cyber security. Annual identity theft prevention training includes a strong focus on cyber security. Staff employs a variety of communication methods including posters, emails, articles, and online training modules to help keep cyber security in the forefront of staff's minds. Teaching users to know when something does not look right is an integral piece of ongoing cyber security strategy.

EWEB has adopted a new Cyber Security charter, which supports and emphasizes EWEB's commitment to a holistic approach to cyber security. The charter formalizes partnerships between Cyber, ERM, Continuous Improvement and Physical Security staff, recognizing that cyber security is a risk with broad implications. Plans are underway to draft a cyber breach response plan, complete a tabletop exercise, and implement employee phishing email education.

Risk-Aware Culture: Decisions are made every day at all levels of EWEB. ERM staff created and implemented simple risk-aware decision-making tools that walk users through the risk assessment process, to help ensure decisions are made by considering a variety of perspectives and potential outcomes. ERM staff supports risk-based decisions and prioritization by consulting on various projects across the utility. Examples of this partnership include EWEB's draft Natural Hazard Mitigation Plan Annex and the upcoming Risk and Resilience Assessment and Emergency Response Plans required by the recently enacted America Water Infrastructure Act.

Other Functions: ERM staff are responsible for claims, insurance procurement, and responses to subpoenas. The majority of liability and recovery claims EWEB experiences are within the \$2 million self-insurance threshold and are resolved internally. EWEB maintains a broad portfolio of insurance policies to cover a variety of other exposures. This portfolio is evaluated at least annually to ensure the types and levels of coverage purchased continue to be adequate to mitigate risk.

**Requested Board Action**

This item is information only and accordingly there is no requested Board action.



# MEMORANDUM

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TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown  
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager  
DATE: June 30<sup>th</sup>, 2019  
SUBJECT: State Legislative Update

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## **Issue**

The 2019 State Legislative Session adjourned on June 30th. This memo appraises the Board of key issues to EWEB, and the status of these matters in the legislative process.

## **Background**

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

## **Discussion**

The following is a summary of state legislative activity in June of interest to EWEB:

### HB 2020 – Oregon Climate Action Program/Clean Jobs/Cap and Invest

The progress of HB 2020 had slowed in the months of April and May while the bill remained in its committee of origin, the Joint Carbon Reduction Policy Committee. After being referred to the Joint Ways and Means Committee on May 21<sup>st</sup> activity on HB 2020 accelerated and with only a few modest final amendments to the legislation. HB 2020 was approved by the Oregon House on a 36-24 vote, after a marathon floor debate lasting late into the evening of June 17<sup>th</sup>.

The bill had a second reading in the Oregon Senate on June 19<sup>th</sup>, and a final vote to approve the legislation in the Senate was expected on June 20<sup>th</sup>. That morning though, the 11 Republican Senators did not appear for the Senate floor session, denying a quorum necessary to conduct business and vote to approve HB 2020. As the day wore on, the group of Republican Senators made clear that they would not return to the Senate floor to allow a vote on HB 2020 and that they had left the state of Oregon to avoid the Governor's call to the Oregon State Police to return the Senators to the Capitol.

During the impasse, which garnered national and international media coverage, the Senate President announced on June 24<sup>th</sup> that SB 2020 no longer had the necessary floor votes from Senate Democrats and declared the bill "dead." After negotiations and further confirmation that SB 2020

would not advance, Senate Republicans returned to the Capitol the morning of June 29<sup>th</sup> and resumed work passing state budget bills and a backlog of over 100 bills before adjourning the evening of June 30<sup>th</sup>.

The future of HB 2020 and carbon pricing is uncertain. The defeat of the legislation in the 11<sup>th</sup> hour was a stinging blow to the bill's proponents, including EWEB. However, a bill that had never previously been voted even out of a single committee, has now been approved by a three-fifths majority in the Oregon House and came within one or two Senate votes of becoming the 2<sup>nd</sup> economy-wide state carbon pricing program in the nation. Advocates of carbon pricing will surely try to assess what caused the unexpected final deficit of Senate votes in the 11<sup>th</sup> hour and modify the next future iteration of HB 2020 to address concerns that led to that change in the vote count. It can be expected that a modified successor to HB 2020 will be introduced in the 2020 Legislative Session. Some carbon pricing advocates are making a case for a special session in 2019 to take up a new version of HB 2020, but that does not seem very probable.

#### SB 408 – Flexibility in Siting Utility Infrastructure in Exclusive Farm Use (EFU) Zone

SB 408A was signed into law by Governor Brown on June 6<sup>th</sup> and will become effective January 1<sup>st</sup>, 2020.

EWEB submitted testimony twice in support of SB 408, co-sponsored by Senator Bill Hansell of Pendleton and Senator James Manning of Eugene and has actively lobbied legislators on behalf of this legislation. This bill will help utility providers reduce their footprints on farm land by allowing the creation of parcels based on the amount of land actually needed for a utility facility, rather than based on the larger minimum lot sizes associated with the Exclusive Farm Use zone. Because of these large minimum lot sizes, properties in the Exclusive Farm Use zone are often larger than what would otherwise be needed for a utility facility.

#### SB 935 – Scope of Work for Landscape Contracting Limited License

SB 935 was amended by the Oregon House and on June 29<sup>th</sup> the Oregon Senate voted to concur with the House amendments. EWEB actively worked with other water utilities and met with legislators to press for changes in the bill to meet our concerns about water conservation and health and safety. These efforts were successful and the final version of the bill removed residential irrigation from the scope of work allowed under the Landscape Contracting Limited License, while adding decks and patios instead to the scope of allowed work.

SB 935 as introduced would have allowed for irrigation work to be done by holders of the new limited license, with a limit to 4 zones and 12 gallons per minute and a monetary cap on what work can be completed.

While the bill as written would have prohibited actually connecting an irrigation system to an electrical source or water supply, there would have been concerns that in practice unqualified individuals would connect to the public system rather than paying a licensed plumber or backflow installer to do that work. A backflow assembly is an important health protection for water supply. Furthermore, the limited license is not subject to required training on water conservation. Water efficiency training in landscape irrigation is a critical component of managing peak summer water

demand when water supplies are at their lowest.

### SB 27 – Statewide Drinking Water Fee

SB 27 had a hearing January 21st at the Senate Health Care Committee. Drinking Water Providers strenuously objected, including in-person testimony from EWEB staff. An amendment was adopted that limited any future increase of the fees to three percent annually, and limited the use of those funds to utilization in the State Drinking Water Program. Drinking Water Providers noted that this amendment improved the bill but that they could not support without additional measures for cost containment and representation of drinking water providers in the oversight of revenue collected from utility ratepayers, as well as a commitment from the state to an equitable ratio of state general fund revenue to funds collected under the fee. On February 18th the Senate Health Care Committee approved SB 27 as amended and referred it to the Joint Ways and Means Committee, which immediately referred the legislation to the Ways and Means Subcommittee on Health Services.

The bill had received no consideration by the Subcommittee since being referred on February 18th. Meanwhile, the state approved in early April a onetime appropriation that would fund cyanotoxin testing at Oregon DEQ for the next biennium. It was presumed then that SB 27 might not advance and that instead an interim work group would be convened to seek consensus on a long term solution to funding the Drinking Water Program.

On May 28<sup>th</sup> though, with 24 hour notice, the Ways and Means Subcommittee on Health Services approved SB 27, with subsequent approval by the full Joint Ways and Means Committee a few days later. SB 27 was approved in the House on a 39-20 vote and in the Senate on an 18-11 vote, and signed by the Governor on June 27<sup>th</sup>.

Preliminary analysis on the burden to EWEB from the fee proposed in SB 27 is roughly estimated to be around \$40,000 annually.

### SB 1044 – State Zero-Emission Vehicle Adoption Planning

SB 1044 was approved by the Oregon Senate June 6<sup>th</sup> on a 22-5 vote and approved by the Oregon House June 18<sup>th</sup> on 39-20 vote, and is expected to be signed the Governor soon. EWEB joined PGE, Pacific Power, Idaho Power, the Oregon People’s Utility Districts Association and several clean transportation system advocacy groups and local governments in a joint support letter for SB 1044. This legislation creates a necessary statewide policy framework to support zero-emission vehicle (ZEV) adoption and investment in a cleaner, healthier, and more economical transportation system with necessary infrastructure through the following measures:

- Establishes metrics for evaluating statewide ZEV adoption and supporting infrastructure.
- Requires regular, data-driven reports to measure the state’s progress on ZEV adoption, with a requirement for policy recommendations if the state is not on a path to meet emission goals.
- Provides flexibility to schools to invest public purpose charge funds in electric buses, fleet vehicles, and charging infrastructure.
- Codifies the state’s policy on alternative fuel vehicles as expressed by Governor Brown in executive order 17-21 and existing DAS policy to ensure that the state “leads by example” in purchasing and leasing ZEVs.

## SB 1049 – Public Employees Retirement System (PERS) Reform

The Oregon House and Senate narrowly approved in late May changes to PERS intended to reduce the cost to pay down the system's unfunded liability. The bill was signed by the Governor on June 11<sup>th</sup> and will be the subject of a legal challenge. Analysis from the state estimates that SB 1049 could mitigate employer PERS rates by 5.4% beginning in 2021. Key components of the plan include:

- lengthening the payment period for the PERS system's \$27 billion liability.
- compelling public employees to pick up part of the cost of their pensions.
- allowing retirees to come back to work but paying the pension payments they might otherwise have earned into the liability.

The bill has many implementation details that remain to be worked out and will be the subject of robust rulemaking once legal challenges have been adjudicated. The state of Oregon has established a website for employees, employers, and retirees to stay informed on the implementation progress and new analysis of SB 1049 as matters progress. The website can be found at:

<https://www.oregon.gov/pers/MEM/Pages/SB1049.aspx>

### **Recommendation/Requested Board Action**

This memo is for informational purposes. No board action is requested.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown  
FROM: Sue Fahey, Assistant General Manager/CFO; Deborah Hart, Financial Services Manager; Sarah Gorsegner, Purchasing & Warehouse Supervisor  
DATE: June 26, 2019  
SUBJECT: Update to EWEB's Public Contracting Rule 3-0275  
OBJECTIVE: Information and Feedback Request

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## Issue

EWEB's Public Contracting Rule 2-0140 provides the Board authority to update and revise EWEB Public Contracting Rules, so long as such revisions do not conflict with law.

## Background

Under ORS 279B.075, the local contract review board (EWEB's Board) has authority to approve use of a sole source contract. The Board has delegated the General Manager authority to approve sole source contracts in EWEB Rule 3-0275.

## Discussion

Management proposes that EWEB's Rule be updated to allow the General Manager to designate a Chief Executive to review findings of fact to determine that goods or services or a class of goods or services, are available from only one source. Contracts will continue to require approval by the Board at the currently established thresholds which are \$150,000 unless otherwise exempt.

If approved, EWEB Rule 3-0275 will be updated to reflect the proposed change below:

### 3-0275 Sole-source Procurements

EWEB may award a contract for goods or services without competition when the General Manager or Chief Executive Manager designee, after reviewing findings of fact, determines, after reviewing findings of fact, that the goods or services or class of goods or services, are available from only one source.

- (1) The determination of a sole-source must be based on written findings that may include:
  - (a) That the efficient utilization of existing goods requires the acquisition of compatible goods or services;
  - (b) That the goods or services required for the exchange of software or data with other public or private agencies are available from only one source;
  - (c) That the goods or services are for use in a pilot or an experimental project; or
  - (d) Other findings that support the conclusion that the goods or services are available from only one source.
  
- (2) In addition to the findings provided above, EWEB-specific findings may include the following:
  - (a) That EWEB's ability to provide vital services to its customers may be jeopardized should another good or service fail to match exactly the features, characteristics, performance, compatibility,

- reliability, and functionality of the sole-source good or service.
- (b) EWEB lacks the time or expertise to responsibly investigate, analyze, or test an unfamiliar product(s) to assure that the product's capability, interface, features, components, durability, functionality, performance, safety, economy, and reliability are compatible with EWEB's infrastructure and will provide EWEB and its customers the most advantageous performance.
  - (c) Subparagraph (b) above shall not be used to avoid the bidding or proposal requirements provided in this Division.
- (3) To the extent reasonably practical, EWEB shall negotiate with the sole-source to obtain contract terms that are advantageous to EWEB.
  - (4) If there are multiple sellers for the sole-source manufacturer's good(s) or service(s), EWEB shall follow the appropriate solicitation process to encourage competition between the potential providers.
  - (5) The determinations made by EWEB under this Rule are final and conclusive unless they are clearly erroneous, arbitrary, capricious or contrary to law.
  - (6) All protests shall be made pursuant to Rule 3-0720.

Stats. Implemented: ORS 279B.075, 279B.145

**Recommendation/Requested Board Action**

This item is presented as information and an opportunity to provide feedback. Based on any feedback, a resolution reflecting the recommendations will be presented at the next Board Meeting as a Board Consent Request. Feedback may be provided to Sarah Gorsegner, 541-685-7348.